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To enrich lives through effective and caring service.



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June 2, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST FOR APPROVAL
TO PURCHASE COMPUTER EQUIPMENT
(ALL DISTRICTS - 3 VOTES)**

CIO RECOMMENDATION:

(X) APPROVE () APPROVE WITH MODIFICATION () DISAPPROVE

SUBJECT

Request approval to purchase and upgrade computer related equipment with a unit cost greater than \$250,000 to meet the needs of County departments.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Internal Services Department (ISD) to purchase computer and related equipment for a total expenditure of \$1,182,343 to support the DCFS Oracle Consolidation project and growth in the County-wide Internet portal.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On an ongoing basis, ISD acquires data processing equipment to meet the computer application needs of County departments. Per County Policy, Board approval is required when individual pieces of this equipment exceed \$250,000.

This request is for approval to purchase one IBM midrange server for DCFS and to upgrade the existing IBM mainframe. The financed cost for the IBM midrange server is estimated to total \$637,185. The fixed asset cost for the IBM mainframe computer is estimated to total \$545,158.

- A new IBM midrange server will be purchased for the DCFS Oracle Consolidation project, and is part of an overall CEO-initiated project to improve DCFS/IT services. This acquisition is contingent on Federal approval required for ISD to host this system on behalf of DCFS. The Federal approval acquisition process may extend into Fiscal Year 2009-2010.

- The existing IBM mainframe computer will be upgraded to provide additional computing capacity for the legacy IBM systems whose utilization continues to increase, as well as to accommodate planned expansion of the County-wide Internet portal.

Implementation of Strategic Plan Goals

The purchase of this computer equipment is necessary to meet the information technology requirements of the departments served by ISD and supports the County strategic goal for Organizational Effectiveness.

FISCAL IMPACT/FINANCING

All costs are offset by billings to County departments. As indicated in the table below, some equipment will be financed through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL), and the costs shown include the estimated finance charges.

| Equipment | Unit Cost | Total Costs | Fiscal Year 08-09 Costs | Future Fiscal Year Costs | Term |
|-----------------------|------------------|--------------------|--------------------------------|---------------------------------|----------------|
| IBM Midrange Server | \$546,250 | \$637,185 | \$17,700 | \$619,485 | 3 years |
| IBM Mainframe Upgrade | \$545,158 | \$545,158 | \$545,158 | | N/A |
| | | | | | |
| Total | | \$1,182,343 | \$562,858 | \$619,485 | |

Sufficient appropriation is available in ISD's adopted Fiscal Year (FY) 2008-09 budget for the LAC-CAL lease payments and fixed asset purchase. Additionally, sufficient appropriation is also available in ISD's Proposed FY 2009-10 budgets for the LAC-CAL lease payments. ISD will request sufficient appropriation in future fiscal years to provide for the annual LAC-CAL lease payments. In the event that the Federal approval is not obtained by the end of FY 2008-09, ISD will purchase the DCFS midrange computer in FY 2009-10 utilizing authorization obtained by this recommended action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This request complies with the County Equipment Policy that your Board approved on October 16, 2001. This policy requires that departments obtain Board approval to purchase or finance equipment with a unit cost of \$250,000 or greater.

CONTRACTING PROCESS

These equipment items are a commodity purchase under the statutory authority of the County Purchasing Agent. The purchase will be competitively bid by the Purchasing Agent in accordance with the standard County Purchasing policies and procedures.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your approval will ensure that ISD can acquire the resources necessary to operate County computer systems managed by the Internal Services Department.

CONCLUSION

The Executive Office, Board of Supervisors, is requested to return one stamped copy of the approved Board letter to the Director, ISD.

Respectfully submitted,


TOM TINDALL
Director

Reviewed by:


RICHARD SANCHEZ
Acting Chief Information Officer

SD:DC:AB:TJT:sg

Attachment (1 – CIO Analysis)

c: Chief Executive Office
Acting County Counsel
Executive Officer, Board of Supervisors

CIO ANALYSIS

REQUEST FOR APPROVAL TO PURCHASE COMPUTER EQUIPMENT

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☐ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract ☒ Hardware Acquisition ☐ Other

New/Revised Contract Term: Base Term: N/A Yrs. # of Option Yrs: N/A

Contract Components:

☐ Software ☒ Hardware ☐ Telecommunications
☐ Professional Services

Project Executive Sponsor: Tom Tindall, Director, ISD

Budget Information :

| | |
|-----------------------------|-------------|
| Y-T-D Contract Expenditures | \$ 0 |
| Requested Contract Amount | \$1,182,343 |
| Aggregate Contract Amount | \$ 0 |

Project Background:

| Yes | No | Question |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project legislatively mandated? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project subvented? If yes, what percentage is offset? The DCFS migration is subvented and the percentage is still up for discussion with the Federal Government. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved. |

Strategic Alignment:

| Yes | No | Question |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project in alignment with the County of Los Angeles Strategic Plan? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is this project consistent with the currently approved Department Business Automation Plan? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project's technology solution comply with County of Los Angeles IT Directions Document? |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project technology solution comply with preferred County of Los Angeles IT Standards? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS). |

Project/Contract Description:

The Internal Services Department (ISD) is requesting authorization to purchase a midrange computer server to meet the operational requirements for the DCFS Oracle Database Consolidation project.

The ISD is also requesting authorization to purchase an upgrade of an IBM z890 mainframe computer server to an IBM z10 Business Class server. The existing IBM z890 server has reached full capacity and must be upgraded to support current and future computing requirements.

Background:

The State approved the DCFS Oracle Database Consolidation project late February 2009. This project is now pending Federal approval. The DCFS server acquisition is dependent on final Federal approval. With this Fiscal Year procurement window closing on May 14th, this acquisition may be delayed until next Fiscal Year 2009-2010.

The existing IBM z890 mainframe computer server is now at platform end-of-life and requires an upgrade of processor capacity. Upgrades to the server have been planned in prior fiscal years and avoided through diligent workload management. Now, with the platform reaching end-of-life and the workload reaching 100% capacity, an upgrade is unavoidable.

Project Justification/Benefits:

The midrange computer server acquisition will support the DCFS Oracle Database Consolidation project. The project will take databases currently spread across many Windows servers and move them to one IBM midrange computer server.

The consolidation will be in two phases. The initial phase will use existing ISD processes to eliminate unneeded databases and physically migrate the databases to the new server. The second phase would consist of analysis and performance tuning to further consolidate the databases.

The benefit of upgrading the mainframe computer server is capacity to support the expanding computing requirements for the Downey IBM Data Center's classic mainframe workload, ongoing efforts with the new zLinux WebSphere initiative, and the need for continued hardware support.

The proposed mainframe will include a modest increase in computing capacity to relieve episodes of capacity exhaustion. Mainframe server use has grown 14% yearly over the past two years and continuing growth is expected. In addition, the new mainframe will provide additional resources to support virtualized zLinux servers currently hosting the County web sites in an industrial-strength, high availability production environment.

Project Metrics:

The DCFS midrange computer server project and IBM mainframe computer server upgrade will be considered complete when the new hardware has been installed and all operational systems have been verified for production release in the Downey Data Center.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved:

Failure to acquire the midrange computer server equipment will seriously impact ISD's ability to consolidate the DCFS Oracle databases and jeopardize the DCFS IT improvement project.

If the IBM mainframe is not upgraded as proposed, countywide and departmental applications could experience reduced performance when server capacity is exhausted.

Alternatives Considered:

Midrange standardizes on the IBM pSeries servers to host Oracle databases due to its advanced virtualization and on-line dynamic resource allocation features. Midrange staff is fully trained to support the IBM pSeries hardware and software.

Numerous IBM mainframe upgrade alternatives have been reviewed in detail (capacity plan projections/processor configurations) to determine the most cost effective option.

The IBM equipment is available from numerous distributors and the purchases will be competitively bid.

Project Risks:

Minimal risks exist for the installation of both mainframe and midrange computer servers because it is compatible with the existing servers and infrastructure.

Risk Mitigation Measures:

Proper planning and careful implementation activities will be established to minimize risk.

Performance validation will be conducted to ensure that County applications can be supported.

Financial Analysis:

There is no additional Net County Cost associated with this request. All costs are offset by billing to County departments. The mainframe computer server costs will be recovered by the mainframe processor usage rates in the current fiscal year. The midrange computer server costs will be recovered from the DCFS customer through a monthly fixed charge for lease purchases.

The mainframe upgrade will result in a reduction of \$83K annually for computer server maintenance costs.

CIO Concerns:

None.

Recommendations:

The Chief Information Office recommends Board approval of this proposed procurement.

CIO APPROVAL

Date Received: May 7, 2009

Prepared by: Tom Travis

Date: May 13, 2009

Approved: 

Date: 5-14-09